

Dispersal of Industries
Package Scheme of Incentives, 1993

GOVERNMENT OF MAHARASHTRA

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

Resolution No. IDL-1093/(8889)/IND-8

Mantralaya, Bombay 400 032, dated the 7th May, 1993

Read :

Government Resolution, Industries and Labour Dept., No. IDL-7064/IND-I, dated the 25th September, 1964,
Government Resolution, Industries and Labour Dept., No. IDL-7069/IND-I, dated the 2nd April, 1969,
Government Resolution, Industries and Labour Dept., No. IDL-7069/IND-I, dated the 10th March, 1970,
Government Resolution, Industries and Labour Dept., No. IDL-7073/34605/IND-I(B), dated the 23rd October, 1973,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7076/6212/(5)/IND-8, dated the 18th January, 1977,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7076/48287/(295)/IND-8, dated the 17th Sept., 1977,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7079/81133/(1925)/IND-8, dated the 18th Oct., 1979,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7079/(2043)/IND-8, dated the 5th January, 1980,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7079/95227/(2540)/IND-8, dated the 11th Aug., 1980,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-7082/(3559)/IND-8, dated the 5th July, 1982,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1082/(4096)/IND-8, dated the 31st March, 1983,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1082/(4077)/IND-8, dated the 4th May, 1983,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1088/(6612)/IND-8, dated the 25th March, 1988,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1087/(6245)/IND-8, dated the 21st July, 1988,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1088/(6603)/IND-8, dated the 30th Sept., 1988,
Government Resolution, Industries, Energy and Labour Dept., No. IDC-2188/(11324)/IND-14, dated the 8th November, 1988,
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1088/(7018)/IND-8, dated the 31st Jan., 1989,
and
Government Resolution, Industries, Energy and Labour Dept., No. IDL-1088/7056/IND-8, dated the 22nd February, 1989.

PREAMBLE

In order to achieve dispersal of industries outside the Bombay-Thane-Pune belt and to attract them to the underdeveloped and developing areas of the State, Government has been giving a Package of Incentives to New/Expansion Units set up in the developing region of the State since 1964 under a Scheme popularly known as the **Package Scheme of Incentives**.

The Package Scheme of Incentives, introduced in 1964, was amended from time to time. The last amended Scheme, commonly known as the **1988 Scheme** was operative from 1st October 1988 to 30th September, 1993.

The question of revising the 1988 Scheme to rationalise the scope of incentives, various scales and mode of release of incentives to intensify and accelerate the process of dispersal of industries from the developed areas and for development of the underdeveloped regions of the State, particularly those farther away from the Bombay-Thane-Pune belt, had been under consideration of the Government. In the light of the experience gained in implementation of the earlier Schemes, particularly the 1988 Scheme, and in the changed circumstances of the liberalised industrial policy of the Government of India, and with a view to

achieving the objectives outlined above, the Government has decided to revise the 1988 Scheme and bring into force a New Scheme, viz., the **Package Scheme of Incentives, 1993** (hereinafter referred to as "the 1993 Scheme").

RESOLUTION

Government is pleased to direct that the Package Scheme of Incentives as last modified and continued upto 30th September, 1993 by Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6603)/IND-8, dated the 30th September, 1988, be extended further with effect from 1st October, 1993 with modifications as indicated below:

1. SCOPE

1.1. Coverage under the 1993 Scheme

Eligible Units in the following Industries in the Private Sector, State Public Sector/Joint Sector, and the Co-operative Sector but not in Central Public Sector will be considered for incentives under the 1993 Scheme—

- (i) Industries listed in the First Schedule of the Industries (Development and Regulation) Act, 1951, as amended from time to time,
- (ii) Industries falling within the purview of the Small Scale Industries Board, Coir Board, Silk Board, All India Handicrafts Board, All India Handloom Board, Khadi and Village Industries Board, any other Agency constituted by Government for industrial development,
- (iii) Hotel (subject to guidelines of Government of India as applicable from time to time),
- (iv) Poultry and agro-industries, and
- (v) Cold storage.

Explanation.— In the case of Poultry and agro-industries, only capital expenditure on land, building and equipment will be considered eligible for incentives.

1.2. Period of Operation

The 1993 Scheme, as may be amended by the Government from time to time, shall remain in operation for the period of five years from 1st October, 1993 to 30th September, 1998.

1.3. Classification of Areas

For the purpose of the 1993 Scheme, the classification of the areas of the State shall be as indicated below :—

- (i) **Group A :** comprising the developed areas, viz., Bombay Metropolitan Region (BMR) and Pune Metropolitan Region (PMR).
- (ii) **Group B :** comprising the areas where some development has taken place.
- (iii) **Group C :** comprising the areas which are less developed than those shown under Group B.
- (iv) **Group D :** comprising the least developed areas of the State not covered under Group A/Group B/Group C.
- (v) **Group D+ :** comprising those least developed areas lacking basic infrastructure and not covered under Group A/Group B/Group C/Group D.

The detailed classification of the areas of the State made accordingly has been indicated in the ANNEXURE I to this Resolution.

2. IMPLEMENTING AGENCIES

The Implementing Agencies for the purpose of the 1993 Scheme shall be as follows :—

- (1) **For Small Scale Industry (SSI) Units.**—The concerned District Industries Centres (DICs).

Explanation.—

- (a) The Maharashtra State Financial Corporation (MSFC) shall, however, monitor the SSI Units financed by it for the purpose of sanction and disbursement of incentives after the eligibility is determined by the DIC. It shall also monitor the working of such Eligible Units. The MSFC and the concerned DICs shall co-ordinate in the matter.

- (b) Where an Eligibility Certificate (EC) is issued in favour of an SSI Unit by a DIC, the Eligible Unit, for the purposes of incentives and other connected matters, will continue to remain with that DIC even if the Eligible Unit ceases to be an SSI Unit after the grant of EC.
- (c) Even when an Eligible SSI Unit graduates to MSI Unit, the Eligible Unit shall continue to remain with the DIC which has issued the Eligibility Certificate in favour of the SSI Unit.
- (d) Where an Eligible Unit has been issued an EC under an Earlier Scheme by a Regional Development Corporation (RDC), it will be covered for benefits under the 1993 Scheme according to its status as SSI or MSI/LSI consequential to new/expansion project. It shall accordingly file its application with the concerned Implementing Agency.
- (2) ***For Medium Scale Industry (MSI) / Large Scale Industry (LSI) Units, Hotel Units, and Projects which are promoted by Non-Resident Indians (NRIs) with not less than 40% shareholdings/interest in the capital of the Eligible Unit.—The State Industrial and Investment Corporation of Maharashtra Limited (SICOM).***

3. DEFINITIONS

3.1. Date of Effect of Eligibility

- (1) The Eligibility Certificate under the 1993 Scheme will be issued by the Implementing Agency after commencement of commercial production as may be determined by it, based on the totality of the documentary evidence led by the Eligible Unit in this behalf, as also such other information, details, e.g. date of power connection, electricity consumption bills over a period, first sale bill, excise licence, extract of excise register/production register, etc., required/ called for in connection therewith.
- (2) The decision of the Implementing Agency, subject to such directions as Government may issue from time to time in this regard, will be final and binding on the Eligible Unit.
- (3) The Commissioner of Sales Tax will endorse the EC issued by the Implementing Agency and shall specify the date of effect of eligibility for the Sales Tax incentives.

3.2. Earlier Scheme

Earlier Scheme shall mean and include—

- (i) The 1964 Scheme outlined in the Government Resolution, Industries and Labour Department, No. IDL - 7064/IND-I, dated 25th September, 1964,
- (ii) The 1969 Scheme outlined in the Government Resolution, Industries and Labour Department, No. IDL - 7069/IND-I, dated 2nd April, 1969,
- (iii) The 1973 Scheme outlined in the Government Resolution, Industries and Labour Department, No. IDL-7073/34605/IND-I(B), dated 23rd October, 1973,
- (iv) The 1976 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/6212/(5)/IND-8, dated 18th January 1977,
- (v) The Special Capital Incentive Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7076/48287/(295)/IND-8, dated 17th September, 1977,
- (vi) The 1979 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-7079/(2043)/IND-8, dated 5th January, 1980, read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-7082/(3559)/IND-8, dated 5th July, 1982,
- (vii) The 1983 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-1082/(4077)/IND-8, dated 4th May, 1983, read with the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6612)/IND-8, dated 25th March, 1988, and the Government Resolution, Industries, Energy and Labour Department, No. IDL-1087/(6245)/IND-8, dated 25th July, 1988, and
- (viii) The 1988 Scheme outlined in the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(6603)/IND-8, dated 30th September, 1988, read with the Government Resolution, Industries, Energy and Labour Department, No. IDC-2188/(11324)/IND-14, dated 8th November, 1988, the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/(7018)/IND-8, dated 31st January, 1989, and the Government Resolution, Industries, Energy and Labour Department, No. IDL-1088/7056/IND-8, dated 22nd February, 1989.

3.3. Effective Steps

Effective Steps shall comprise Initial Effective Steps and Final Effective Steps defined as follows :

I. *Initial Effective Steps* shall mean and include :—

- (i) Effective possession of land by an Eligible Unit. For land outside the Maharashtra Industrial Development Corporation Area (MIDC)/Government sponsored and/or financially assisted Co-operative/Mini-Industrial Estate/Gram Udyog Vasahat, non-agricultural permission for industrial use or zoning certificate from the competent authority shall be a pre-requisite.
- (ii) Registration in respect of a Company/Co-operative Society/Trust. However, in respect of a Partnership Firm, evidence of execution of a Partnership Deed and filing of a requisite application with payment of necessary registration fees with the Registrar of Firms shall be necessary.
- (iii) Provisional SSI Registration/Letter of Intent from the Government of India and/or permission from the State Government for setting up/shifting of the Unit, if such permission is required to be obtained, or registration from the Khadi and Village Industries Board (KVIB), if the Unit is covered by a KVIB programme, or a no-objection certificate from the Directorate of Industries (DOI) for an Electronic Industrial Unit in the BMR Area excluding Greater Bombay, Mira-Bhayander and Thane Municipal Corporation Areas.
- (iv) A photocopy of the Industrial Entrepreneurs' Memorandum (IEM) along with a photocopy of its acknowledgement in the case of an MSI/LSI Unit not covered under the licensing provisions of the Industries (Development and Regulation) Act, 1951 read with Notification No. 477 (E), dated the 25th July 1991, of the Department of Industrial Development, Ministry of Industry, Government of India.

II. *Final Effective Steps* shall mean and include :—

- (i) An Industrial Licence/IEM declaring commencement of commercial production together with an acknowledgement therefor,
- (ii) Foreign Exchange Regulation Act (FERA)/Monopolies and Restrictive Trade Practices Act (MRTP) clearance, Capital Goods clearance/Import Licence, wherever necessary,
- (iii) Tying up of the means of finance for the project to the satisfaction of the concerned Implementing Agency,
- (iv) Other clearances, if any, from the Central/State Government and/or other Authorities concerned for implementing the project,
- (v) Acquisition of Fixed Assets at site to the extent of at least 10 per cent of the total Fixed Assets as envisaged for the project, and
- (vi) Evidence regarding expenditure on the project, including advances and pre-operative expenses paid, aggregating to at least 25 per cent of the capital cost envisaged for the project.

Explanation.—

- (a) For the purposes of incentives to a Pioneer Unit, where the project is proposed to be implemented in suitable phases and the first phase of the project itself involves Gross Fixed Capital Investment exceeding Rs. 5 crore, the Final Effective Steps will be deemed to have been completed if the Final Effective Steps for the first phase of the project are completed to the satisfaction of the Implementing Agency.
- (b) Based on the documentary evidence led by the Eligible Unit in this regard, the Implementing Agency shall determine the date on which all Initial and Final Effective Steps are completed. The decision of the Implementing Agency, subject to such directions as the Government may issue from time to time in this regard, shall be final and binding.

3.4. Electronic Industrial Unit

- (1) An Electronic Industrial Unit shall mean and include an SSI Unit so certified by the Directorate of Industries, or an MSI/LSI Unit having an LOI/IEM in this regard.
- (2) Such an Electronic Industrial Unit if located in BMR (excluding Greater Bombay, Mira-Bhayander and Thane Municipal Corporation Areas) and PMR shall be eligible for incentives at the scales applicable to Group B area as detailed in para 5.1 (II).

Explanation.— An Electronic Industrial Unit in BMR or PMR will be eligible for incentives as under

3.4 (2) above only if it is exclusively engaged in manufacture of electronic products.

3.5. Existing Unit

An Existing Unit shall mean and include :—

- (i) An industrial Unit which has been set up and is in production on or any time prior to 30th September, 1993, for any period whatsoever, or
- (ii) An industrial Unit which has been granted an EC or availed of any incentives under an Earlier Scheme, or
- (iii) An industrial Unit which has filed a valid application for grant of an EC under the 1988 Scheme with any of the Implementing Agencies on or before 30th September, 1993, after completion of all the Initial Effective Steps.

3.6. Finished Product

Finished product shall mean and include the item of manufacture by the Eligible Unit as considered under the project scheme approved by the concerned term lending agency and/or by the Implementing Agency, together with by-product/scrap, which may get generated as incidental to and during the main production activity.

Explanation.—

- (a) Any change in the finished product/s during the operative period of the EC shall be allowed without any restriction but subject to prior written permission from the Implementing Agency. In the case of an SSI, such application shall be made for any change in the finished product/s as recorded in the SSI registration and the EC. The requisite prior written permission shall be obtained at least one month in advance of the proposed change. The actual availment of such incentives related to change in the finished product shall, however, be effective only after necessary endorsement to the EC by all concerned Authorities.
- (b) The Eligible Unit shall not be entitled to additional incentives on any addition to the Fixed Capital Investment made for purposes of such change in the finished product/s, except as may be eligible in accordance with para 3.8 (I) (i)(b).

3.7. Fixed Assets

The term Fixed Assets shall mean and include :—

- (i) Land/area in effective possession and as required for the project,
- (ii) Building, i.e. any built-up area used for the Eligible Unit including administrative building, residential quarters, industrial housing and accommodation for all such facilities as are required for the manufacturing processes,
- (iii) Plant and Machinery, i.e. Tools and equipments including handling and haulage equipment, or tools as are necessarily required and exclusively used for sustaining the working of the Eligible Unit,

- (iv) The cost of development of the environment of the location of the Eligible Unit, such as fencing, construction of roads and other infrastructural facilities which the Eligible Unit has to incur under the project,
- (v) Installation charges and pre-operative expenses capitalised,
- (vi) Technical know-how including cost of drawings and know-how fees,
- (vii) The amount paid as non-refundable interest-free deposit to Maharashtra State Electricity Board (MSEB) for supply of power to the Eligible Unit or to Maharashtra Industries Development Corporation (MIDC) for development of infrastructure for the Eligible Unit or to any other Government Agency for similar purpose.

3.8. Gross Fixed Capital Investment

(I) Gross Fixed Capital Investment shall mean and include, in the case of:

(i) **New Fixed Assets.**—The value of new Fixed Assets acquired at site and paid for.
Explanation.—

(a) Only new Fixed Assets as per the project scheme accepted by the Implementing Agency based on the project assessment done by the concerned term lending agency, which are acquired by an Eligible non-Pioneer Unit within a period of two years or by an Eligible Pioneer Unit within a period of three years from the date of completion of all the Final Effective Steps, shall be considered for proportionate Sales Tax incentives during the eligible period.

(b) In the case of a 100% EOU claiming purchase tax/additional tax benefit on purchase of capital goods required for the Unit under implementation as covered under para 3.16.(i)(c), the value of new Fixed Assets shall be net of such taxes claimed under para 5.1 (I)(C)(5) below.

(c) Any acquisition of new Fixed Assets outside the project scheme accepted by the Implementing Agency can be considered for the purposes of proportionate incentives during the residual eligible period provided such acquisition is not less than 25% of the Gross Fixed Capital Investment at the end of the previous financial year of the Eligible Unit.

(ii) **Acquisition of Second-hand Fixed Assets.**—The value for which these are acquired or the value thereof as certified by an approved valuer, whichever is less.

Explanation.— For the purpose of incentives only imported second-hand Fixed Assets valuing not less than Rs. 1 crore and having a life of over ten years as certified by the valuer shall be considered eligible.

(iii) **Shifting of Fixed Assets.**—The depreciated value of Fixed Assets on the date of shifting on the basis of the method of depreciation adopted by the Unit during the immediate preceding three years or during such shorter period during which the Unit has been in existence, together with the actual expenditure incurred on dismantling, transportation, insurance and re-erection which is allowed to be and is capitalised under the Indian Income Tax Act.

Conditions.—

(a) The Unit is eligible and the Fixed Assets shifted form a part of the project for which eligibility is considered.

(b) The Fixed Assets shifted have a life of over ten years from the date of shifting as certified by an approved valuer.

Explanation.—Incentives will be available only for shifting of the existing Fixed Assets from any place outside Maharashtra.

- (II) Fixed Assets acquired by an Eligible Unit and forming part of the Gross Fixed Capital Investment cannot be disposed of/sold/written off except with the prior written permission of the Implementing Agency. Such permission shall be applied for by the Eligible Unit at least one month prior to the contemplated disposal/sale/writing off of the Fixed Assets. The Implementing Agency may ordinarily grant such permission if it is satisfied that the overall production capacity of the Eligible Unit will not thereby suffer and that the Eligible Unit has definite plans/proposals for replacement of the Fixed Assets being disposed of/sold/written off either by similar Fixed Assets or by Fixed Assets with better output/higher production capacity with or without change in the finished product/s.
- (III) Subject to the provisions of paras (I) and (II) above, the Gross Fixed Capital Investment at the end of each year will be computed as Gross Fixed Capital Investment at the beginning of the year, *plus* additions as per the approved project scheme made, if any, to the Gross Fixed Capital Investment during the year, *less* the original value of any Fixed Assets of the Eligible Unit disposed of/sold/written off, if any, during the year.
- (IV) If the admissible Gross Fixed Capital Investment as endorsed in the EC is reduced as a result of any disposal/sale/write-off/replacement of the Fixed Assets, the ceiling as endorsed in the EC shall be reduced proportionately and if the incentives availed by the Eligible Unit exceed the ceiling revised as a result of disposal/sale/write-off/ replacement, the benefits availed in excess of such revised ceiling shall stand recoverable/refundable forthwith with interest.
- (V) Any increase in the Gross Fixed Capital Investment as a result of replacement of any of the Fixed Assets earlier considered under the EC shall not entitle the Eligible Unit to have the ceiling for incentives *pro-rata* revised upward except under (I) (i)(b) above.

3.9. Local Sales Tax Law

Local Sales Tax Law shall mean and include the Bombay Sales Tax Act, 1959, the Rules made and the Notifications issued thereunder, as modified from time to time.

3.10. New Unit

A New Unit shall mean an industrial Unit which is set up for the first time by an entity in the Private Sector/Co-operative Sector/State Public Sector/Joint Sector in any Taluka where there is no Existing Unit set up by the said entity provided that the Unit satisfies the following conditions :—

- (a) It is not an Existing Unit.
- (b) At least one of the Final Effective Steps is completed on or after 1st October 1993 for setting up the Unit.
- (c) It is not formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an Existing Unit.

Explanation.—The incentives available to a New Unit under the 1993 Scheme shall, however, be available to Units which get established as a result of purchase of assets of Existing/Defunct/Closed/Sick Units subject to and to the extent mentioned in the ANNEXURE II to this Resolution.

3.11. Period of Eligibility

The period of eligibility in regard to an Eligible Unit will be as per the Table under para 5.1 (II) and shall be computed from the date of effect of the EC depending on the nature and location of the Eligible Unit, during which the Sales Tax Incentive will be available to the Eligible Unit subject to fulfilment of the conditions of the 1993 Scheme.

3.12. Pioneer Unit

A Pioneer Unit shall mean and include a large scale New Unit set up or a large scale Fixed Capital Investment made by an Existing Unit after 1st October 1993 in Group B/C/D/D+ areas for which at least one Final Effective Step is taken after 1st October 1993, provided it is—

- (a) a New Unit with the Fixed Capital Investment exceeding Rs 100 crore in Group B area or Rs. 30 crore in Group C area or Rs. 15 crore in Group D area or Rs. 5 crore in Group D+ area, being set up as the first Unit in point of time in a Taluka where there is, as on 1st October 1993, no such Existing Unit in the Taluka, or
- (b) a New Unit being set up with, or an Existing Unit undertaking in the same Taluka, the Fixed Capital Investment exceeding Rs. 300 crore in Group B or Rs 60 crore in Group C or Rs. 30 crore in Group D area or Rs. 10 crore in Group D+ area.

Explanation.—Under condition (a) *only one* Unit in a Taluka and under condition (b) *any number* of Units in a Taluka will be considered eligible for Pioneer status.

3.13. Prestigious Unit

A Prestigious Unit shall mean and include a large scale New Unit set up or a large scale Fixed Capital Investment made by an Existing Unit after 1st October 1993 in Gadchirali District for which at least one Final Effective Step is taken on or after 1st October 1993, provided it is a New Unit with a Fixed Capital Investment exceeding Rs. 100 crores.

3.14. Procedural Rules

Procedural Rules shall mean and include the rules as laid down by the Government Resolution, Industries, Energy and Labour Department, No. IDL-7079/95227/(2540)/ IND-8, dated 11th August 1980 as amended from time to time.

3.15. Raw Materials

Raw Materials shall mean and include components, intermediate goods; substances, consumable stores required in the process of manufacture and packing materials utilised for packing of finished products by an Eligible Unit.

3.16. Sales Tax Liability

Sales tax liability shall mean and include—

- (i) The aggregate of the sums in respect of any period, of—
 - (a) the purchase tax and additional tax payable by the Eligible Unit under the provisions of the Bombay Sales Tax Act, 1959 to the Government on its purchases of raw materials,
 - (b) sales tax, additional tax, turnover tax payable by the Eligible Unit on its sale of finished products mentioned in the EC, manufactured by it, as reduced by set-off, drawback or, as the case may be, remission to which the Eligible Unit is entitled for that period under the Bombay Sales Tax Act, 1959, and
 - (c) the purchase tax and additional tax paid by a 100 % EOU under the provisions of the Bombay Sales Tax Act, 1959 to the Government on the purchases of capital goods required for the Unit to be covered for eligibility under the Scheme.
- (ii) Central Sales Tax payable by the Eligible Unit under the Central Sales Tax Act, 1956, by the Eligible Unit on its sales of finished products mentioned in the EC, manufactured by it, when such sales take place in the course of inter-State trade and commerce.

3.17. Sick Unit

A Sick Unit shall mean and include an SSI Unit so considered and certified by the Directorate of Industries or an MSI/LSI Unit so considered by the Board for Industrial and Financial Reconstruction (BIFR).

3.18. Year

Year shall mean the accounting year followed by the Eligible Unit according to which it is assessed under the Local Sales Tax Law.

4. GENERAL PROVISIONS

4.1. Application for Eligibility

- (1) An application for eligibility under the 1993 Scheme shall be filed by an Eligible Unit *only after* it has taken all the Initial Effective Steps *but not later than* 30th September 1998. It shall be supported by documentary evidence in regard to completion of the Effective Steps.
- (2) For claiming eligibility under the 1993 Scheme, an Eligible Unit shall also complete all the Final Effective Steps on or before 30th September 1999.
- (3) An application filed with the Implementing Agency on or before 30th September, 1993 after completion of the Initial Effective Steps for incentives under the 1988 Scheme, but where the applicant fails to complete all the Final Effective Steps latest by 30th September, 1994, shall be automatically considered under and be subject to the 1993 Scheme *but* the incentives to such an Eligible Unit shall be applicable at the scales which are lower of the scales of the 1988 Scheme or the 1993 Scheme.
- (4) An application for eligibility shall be submitted to the Implementing Agency at least three months prior to the expected date of commencement of commercial production. An Eligible Unit shall comply with the requirements preceding the issue of the EC by the Implementing Agency, to ensure obtaining the EC within the period of six months from the date of commencement of commercial production as laid down in the Procedural Rules.

4.2. Claim for Incentive

No right or claim for any incentives under the 1993 Scheme shall be deemed to have been conferred by the 1993 Scheme merely because the Unit has fulfilled the conditions of the 1993 Scheme. The incentives under the 1993 Scheme cannot be claimed unless an EC has been issued under the 1993 Scheme by the Implementing Agency and the Eligible Unit has complied with the stipulations/conditions of the EC.

4.3. Priority for Disbursement

The disbursement of the incentives by the Implementing Agency shall be in accordance with the chronological order of approved claims. Priority shall, however, be given to Sick Units and 100% Export-Oriented Units.

Explanation.—The release of incentives to an Eligible Unit which has turned sick during the eligibility period shall be considered on *priority only if and when* a scheme for rehabilitation has been approved and implemented under the BIFR provisions or with the approval and to the satisfaction of the Directorate of Industries, respectively for MSI/LSI and SSI Units.

4.4. Derecognition of Pioneer Status in certain cases

- (1) If more than one Eligible Unit, more or less simultaneously, satisfy the conditions for the Pioneer status under para 3.12 (a)/3.12 (b), the Government as well as the SICOM, having regard to the facts of each case, benefits accruing to the developing area, employment potential, etc., shall determine on whom the Pioneer status be conferred or withdraw the Pioneer status already conferred if the Eligible Unit does not show progress in implementation of the project.
- (2) The Eligible Pioneer Unit shall ensure that the Fixed Capital Investment made within a period of three years from the date of completion of all the Effective Steps or within a period of three years from the date of commencement of commercial production, whichever is later, exceeds the limits stipulated under para 3.12 (a)/3.12 (b).

- (3) Failure to comply with the above conditions shall automatically result in derecognition of the Pioneer status conferred earlier and as a consequence, the quantum of incentives admissible to such Eligible Unit shall be reduced to the level that is available to an Eligible Unit which is not a Pioneer Unit in Group B/C/D/D+ area, as the case may be. The excess amount drawn or availed of, if any, shall be recoverable forthwith with the interest.

5. INCENTIVES

The incentives under the 1993 Scheme will be admissible to a New Unit/Pioneer Unit/Prestigious Unit, and will be in the nature of—

- (i) Sales Tax Incentive by way of Exemption/Deferral/Interest-Free Unsecured Loan,
- (ii) Special Capital Incentive for SSI Units,
- (iii) Refund of Octroi/Entry Tax (in lieu of Octroi),
- (iv) Refund of Electricity Duty,
- (v) Concession in the Capital Cost of Power Supply, and
- (vi) Contribution towards the Cost of Feasibility Study.

5.1. SALES TAX INCENTIVES

- (I) The Sales Tax Incentive under the 1993 Scheme will be admissible to a New/Pioneer/Prestigious Unit set up in Group B/C/D/D+ areas. Subject to the provisions of para 5.1 (1)(C) below, they will be admissible by way of Exemption/Deferral/Interest-free Unsecured Loan as follows —

(A) **Sales Tax Incentive by way of Exemption**

An Eligible Unit under the 1993 Scheme will be entitled to exemption from payment of—

- (i) Purchase tax and additional tax payable by the Eligible Unit to the Government under sections 13, 13 AA, 13 B and 15 A-I of the Bombay Sales Tax Act, 1959 on its purchase of raw materials,
- (ii) Sales tax paid or payable by the Eligible Unit to its vendors on its purchases of raw materials, including sales tax paid or payable on such raw materials on any earlier transaction pertaining to the very raw materials,
- (iii) Sales tax, additional tax and turnover tax payable by the Eligible Unit on its sales of finished products mentioned in the EC, manufactured by it,
- (iv) Central sales tax payable under the Central Sales Tax Act, 1956 by the Eligible Unit on its sales of finished products mentioned in the EC, manufactured by it when such sales take place in the course of inter-State trade and commerce.

(B) **Sales Tax Incentives by way of Deferral**

- (1) An Eligible Unit under the 1993 Scheme, not covered under the provisions of para. 5.1 (I)(C) below, shall be entitled to sales tax incentive by way of deferral of the payment of the sales tax liability as per returns to be furnished for any period covered by the EC or as finally assessed thereunder, subject to the provisions of the Bombay Sales Tax Act, 1959/Bombay Sales Tax Rules, 1959/Central Sales Tax Act, 1956/Central Sales Tax (Registration and Turnover) Rules, 1957/The Central Sales Tax (Bombay) Rules, 1957 and the stipulations/conditions in the EC endorsed by the Commissioner of Sales Tax.
- (2) The quantum admissible shall be subject to ceilings specified in para. 5.1 (II).
- (3) The sales tax liability as per the returns so deferred shall be paid by the Eligible Unit after ten years as under para 5.1 (IV).

- (4) The Eligible Unit which so opts for sales tax deferral will be entitled to opt and change over to the interest-free loan scheme as provided under the Government Resolution, Industries, Energy and Labour Department, No. IDL-1087/(6245)/IND-8 dated 21st July, 1988. Such option and availment thereunder shall accordingly be governed by provisions of the said Resolution.

(C) **Sales Tax Incentives by way of Interest-free Unsecured Loan**

- (1) An Eligible Unit under the 1993 Scheme undertaking manufacturing activities which are not considered *manufacturing activities* under the Sales Tax Law, shall be entitled to the sales tax incentive by way of an interest-free unsecured loan, in lieu of exemption / deferral.
- (2) The quantum will be worked out as if the Unit is eligible for incentive by way of Exemption.
- (3) The quantum admissible will be subject to the ceilings in para. 5.1 (II) below.
- (4) Such incentive shall have rating above equity and be repayable after 10 years as under para. 5.1 (IV) below.
- (5) The purchase tax/additional tax paid as under para 3.16 (i)(c) above shall also be allowed in the form of an interest-free unsecured loan mentioned above.
- (6) An Eligible Unit shall prefer the claim with the Implementing Agency every year within six months from the date prescribed for filing of the returns for the last quarter/month of the year.
- (7) Provisions of the Procedural Rules will apply *mutatis mutandis* for grant of this incentive.

(II) **Quantum of Sales Tax Incentive**

- (1) The quantum of sales tax incentive admissible to an Eligible Unit under the 1993 Scheme as Exemption / Deferral / Interest-free Unsecured Loan under para 5.1 (I) above will be as per the scales and subject to ceilings as given in the following table :—

AREA	MSI/LSI UNIT				SSI UNIT	
	NON-PIONEER		PIONEER UNIT			
Group	% of Fixed Capital Investment	No. of years or earlier if the ceiling is reached	% of Fixed Capital Investment	No. of years or earlier if the ceiling is reached	% of Fixed Capital Investment	No. of years or earlier if the ceiling is reached
A						
B	60	5	80	7	100	6
C	75	7	95	9	110	8
D	90	9	110	11	120	10
D+	125	12	130	15	130	12

N.B.—The scales of incentives for group B area will also be available to eligible Electronic Industrial Units located in BMR (excluding Greater Bombay, Mira-Bhayander and Thane Municipal Corporation Areas) and PMR.

- (2) In respect of a Prestigious Unit, the ceiling will be 130 % of the fixed capital investment for 20 years or earlier if the ceiling is reached.
- (3) In respect of a 100 % EOU, the scales of incentives for Group B area in (1) above will also be available in BMR (excluding Greater Bombay, Mira-Bhayander and Thane Municipal Corporation Areas) and PMR. The incentive available to such 100 % EOU on account of the purchase tax and additional tax on purchase of capital goods under para 3.16 (i)(c) will be available in all the areas and will be in addition to the quantum indicated in (1) above.

(III) An option for Exemption or Deferral

- (1) An Eligible Unit covered under para 5.1 (I)(A) and (B) above shall exercise option to avail the admissible incentives in the form of Exemption or Deferral before issue of the EC. The option so exercised will be permitted to be changed during the eligibility period but the effect of such a change shall begin with the year immediately following the date of grant of permission for the change of option and be available for the unexpired period and upto the unavailed ceiling of such EC.
- (2) The Eligible Unit holding EC under the 1979/1983/1988 Scheme and having an option to avail the sales tax incentives in the form of Exemption or Deferral under the relevant Scheme, will be permitted to exercise an option to change from Exemption to Deferral or *vice versa* during the residual period of the EC.
- (3) An Eligible Unit desiring to have such a change of option under (1) or (2) above shall seek permission of the concerned Implementing Agency at least three months prior to the end of the financial year.

(IV) Repayment

The period for which the sales tax liability will be deferred under paras 5.1 (I)(B) and 5.1 (I)(C) of the 1993 Scheme will be ten years from the date of availment and shall be repayable thereafter in five equal annual instalments.

5.2. SPECIAL CAPITAL INCENTIVE FOR SSI UNITS

- (1) A New SSI Unit set up on or after 1st October 1993, covered under para 3.10 will be entitled to Special Capital Incentive at the rates indicated below :—

AREA (Group)	Quantum as % of Fixed Capital Investment	Ceiling (Rs. lakhs)
A		
B	15	7
C	20	10
D	25	15
D+	30	20

(2) An Option for Sales Tax Incentive

A one time option shall be provided to an Eligible SSI Unit to avail the Special Capital Incentive in the form of additional Sales Tax Incentive instead of cash grant at twice the monetary ceiling of the Special Capital Incentive admissible to such Eligible SSI Unit, and

an additional period of 1 year in any area shall be available for such sales tax incentive in lieu of Special Capital Incentive.

- (3) The Special Capital Incentive will be admissible as a grant. The Eligible SSI Unit will be entitled to draw the incentive after completion of all Initial and Final Effective steps and the same will be computed on the basis of the Fixed Capital Investment actually made by the Eligible SSI Unit.

5.3. REFUND OF OCTROI/ENTRY TAX IN LIEU OF OCTROI

- (1) A New Unit/Pioneer Unit/Prestigious Unit, after it goes into commercial production, will be entitled to refund of octroi duty/entry tax (in lieu of octroi) payable and paid to the local authority on import of all the items required by the Eligible Unit. This incentive will be admissible in the form of a *grant* restricted to 100% of the admissible Fixed Capital Investment of the Eligible New/Pioneer Unit for a period of 5/7/9/12 years respectively in B/C/D/D+ areas. In respect of a Prestigious Unit, however, the period will be 15 years.
- (2) The period of eligibility for refund of octroi/entry tax (in lieu of octroi) shall be from the date of commencement of production. However, in respect of a 100 % EOU or an agro-industry Unit, the period shall commence from the date of first import.
- (3) The incentive will also be available to Electronic Industrial Units that will be located in BMR (excluding Greater Bombay, Mira-Bhayander and Thane Municipal Corporation Areas) and PMR for 5 years.

5.4. REFUND OF ELECTRICITY DUTY

An Eligible New Electronic Hardware Technology Park (EHTP) Unit and a 100% EOU will be entitled to refund of Electricity duty in the form of a *grant* for a period of 5 years in A/B/C areas. In respect of an Eligible New Unit in D/D+ areas and a Prestigious Unit, however, the period will be 7 years and 10 years, respectively.

5.5. CONCESSION IN THE CAPITAL COST OF POWER SUPPLY

Prestigious Units will be entitled to a waiver of 10 % of the cost of power line and other payments required to be made to MSEB for getting power supply subject to a maximum of Rs. 50 lakhs per Unit.

5.6. CONTRIBUTION TOWARDS THE COST OF FEASIBILITY STUDY

- (1) The Implementing Agency may give 75% contribution towards the cost of preparation of a feasibility study either undertaken by the said Implementing Agency or done with its prior written approval through an approved agency.
- (2) If the project is implemented, the contribution shall be treated as an unsecured loan for a period of five years from the date of disbursement. The loan shall bear interest at such rate as may be prescribed by the Implementing Agency.
- (3) If the project is not implemented within the prescribed time, the feasibility study shall become property of the Implementing Agency/Government.

6. MONITORING AND REVIEW

6.1. Monitoring and Review of the Fixed Capital Investment and Production activities of the Eligible Unit

With a view to monitoring the production activities of and the establishment of Fixed Assets by the Eligible Unit in relation to the incentive available under the 1993 Scheme and ensuring that the two match during the period of eligibility and also thereafter during the operative period of the agreement entered into by the Eligible Unit, the following procedure is laid down—

- (i) An Eligible Unit shall, within one month from the date prescribed under the Sales Tax Law for filing the returns, submit to the Implementing Agency certified true copies of the annual returns submitted to the Sales Tax Department from time to time.
 - (ii) It shall submit, along with the above returns, a report duly signed by a responsible person on behalf of the Eligible Unit, covering information and details regarding production and sales, indicating the period of stoppage of production and/or closure of the Unit, if any, with reasons therefor, addition to the Fixed Capital Investment, disposal of Fixed Assets, changes in the constitution of the Eligible Unit, etc.
 - (iii) It shall also submit to the Implementing Agency within a period of nine months from the close of every year, a certified true copy of the Audited Annual Statement of Accounts and Balance-sheet for the said year.
 - (iv) The Implementing Agency shall be entitled to call for any information and details for shorter period even prior to the close of the year. The implementing Agency and the Sales Tax Authorities shall independently examine the position from time to time in order to ensure that the sales tax incentive drawn/availed of is well within the ceilings specified in para 5.1 (II) and relate to the finished product/s eligible, or, as the case may be, ceilings provided for under the relevant Earlier Scheme.
- 6.2. Failure on the part of an Eligible Unit to submit any of the above information/documents by the specified time shall tantamount to breach of the provisions of the 1993 Scheme entailing suitable action as provided under the Procedural Rules including the action to cancel the EC or premature recall of and immediate recovery of the incentives drawn/availed. The Sales Tax Authorities shall assess the returns of the Eligible Units on priority and, in consultation with the concerned Implementing Agency, take appropriate and timely steps to prevent availment of incentive in excess of the admissibility as related to the specified finished product/s, ceilings, etc.
- 6.3. The Implementing Agencies shall, as far as possible, ensure that the Eligible Unit and the Sales Tax Department are both kept timely informed of the continuance or discontinuance of the EC during the tenure in accordance with the Procedural Rules.
- 6.4. If and when the Eligible Unit reaches the ceiling prescribed in the EC in accordance with para 5.1 (II) in the matter of drawal of the Sales Tax incentive prior to expiry of the EC period or contravenes any of the conditions thereunder, the Implementing Agencies shall take prompt action to cancel the EC.
7. **AMENDMENTS**
- Necessary amendment to the Bombay Sales Tax Rules, 1959 and the Central Sales Tax (Bombay) Rules, 1957 to implement the 1993 Scheme will be issued by the Finance Department.

By order and in the name of the Governor of Maharashtra,

VINAY PATHAK,
Deputy Secretary to Government.

To

The Director General of Information and Public Relations, Bombay (5 copies) and with a request to issue a suitable press note and arrange for giving a wide publicity to the contents of this Resolution in all leading newspapers including local and mofussil papers in Maharashtra.

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The Accountant General, Maharashtra-II, Nagpur, — 11 —
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Private Secretary to Minister of State for Industries, Bombay,
Personal Assistant to Chief Secretary,
Personal Assistant to Principal Secretary, Finance Department,
Personal Assistant to Secretary, Planning Department.

ANNEXURE I

CLASSIFICATION OF TALUKAS

1. KONKAN DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Greater Bombay	Greater Bombay.				
Thane	Bhivandi. Kalyan. Thane. Ulhasnagar. Vasai.	Dahanu. Palghar.	Murbad. Shahapur.		Jawhar. Mokhada. Talasari. Wada.
Raigad	Alibag. @ Karjat. @ Khalapur. @ Panvel. @ Pen. @ Uran.	Alibag. \$ Khalapur. \$ Panvel. \$ Pen. \$ Roha. \$ Sudhagad.	Karjat. \$ Mahad. Mangaon. Mhasala. Murud. Shrivardhan.		Poladpur.
Ratnagiri			Ratnagiri.	Chiplun. Dapoli. Guhagar.	Khed. Lanja. Mandangad. Rajapur. Sangameshwar.
Sindhudurg				Deogad. Kankavli. Kudal. Malvan. Vaibhavwadi. Vengurla.	Sawantwadi.

@ : with BMR, \$: outside BMR.

2. PUNE DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Pune	Haveli*. Khed*. Maval*. Mulshi*. Pune city.	Bhor. Haveli**. Maval**. Mulshi**. Shirur.	Baramati. Daund. Indapur. Junnar. Khed**. Purandhar. Velhe.		Ambegaon.
Solapur			Malshiras. Solapur (N) excluding Chincholi Industrial Area.	Akkalkot. Barshi. Mohol. Pandharpur. Chincholi Industrial Area in Mohol and Solapur (N) talukas. Solapur (S).	Karmala. Madha. Māngal-wedhe. Sangola.
Satara			Karad. Koregaon. Phaltan. Satara. Wai.	Khandala. Maha-baleshwar. Man. Patan.	Jaoli. Khatav.
Sangli			Khanapur. Miraj.	Entire District excluding Khanapur, Miraj and Shirala talukas.	Shirala.
Kolhapur			Karveer. Shirol.	Bavada. Chandvad. Hatkanangale. Kagal. Panhala. Radhanagari. Shahuwadi.	Ajra. Bhudargad. Gadhinglaj.

* : within PMR, ** : outside PMR

3. NASIK DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Nasik		Malegaon. Nasik.	Baglan. Niphad. Sinnar. Yeola.	Nandgaon. Igatpuri.	Chandwad. Dindori. Kalwan. Peth. Surgana.
Ahmednagar		Ahmednagar. Kopargaon. Sangamner. Srirampur.	Akola. Rahuri.	Karjat. Pathardi. Sheogaon. Srigonda.	Jamkhed. Newase. Parner.
Dhule				Dhule. Sakri. Shahada. Shirpur. Sindkhed. Talode.	Akkalkuva. Akarani. Nandurbar. Nawapur.
Jalgaon				Amalner. Bhadgaon. Erandol. Jalgaon. Jamner. Pachora. Parola. Raver. Yawal.	Bhusawal. Chalisingaon. Chopada. Edalabad.

4. AURANGABAD DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Aurangabad			Aurangabad Municipal Corporation (AMC) Area. Aurangabad taluka excluding Waluj Industrial Area.	Waluj Industrial Area. Talukas other than Aurangabad, Paithan, Soegaon, Vaijapur and AMC Area.	Paithan. Soegaon. Vaijapur.
Jalna				Jalna.	Ambad. Badnapur. Bhokardan. Ghangsavangi. Jafferbad. Mantha. Partur.
Beed				Talukas other than Ashti, Kaij and Patoda.	Ashti. Kaij. Patoda.
Osmahabad				Talukas other than Omerga and Tuljapur.	Omerga. Tuljapur.
Parbhani				Talukas other than Jintur and Selu.	Jintur. Selu.
Latur				Talukas other than Ahmedpur, Ausa and Udgir.	Ahmedpur. Ausa. Udgir.
Nanded				Talukas other than Bhokar, Deglur, Hadgaon, Kinwat and Mukhed.	Bhokar. Deglur. Hadgaon. Kinwat. Mukhed.

5. AMRAVATI DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Amravati			Amravati Municipal Corporation (AMC) Area.	Amravati taluka excluding AMC Area. Chandur Railway. Talukas other than Achalpur, Chandur Bazar and Chikhaldara.	Achalpur. Chandur Bazar. Chikhaldara.
Akola				Talukas other than Murtizapur and Washim	Murtizapur. Washim.
Buldhana				Talukas other than Chikhali and Shegaon.	Chikhali. Shegaon.
Yavatmal				Talukas other than Darwah, Pusad and Wani.	Darwah. Pusad. Wani.

6. NAGPUR DIVISION

District	Group A	Group B	Group C	Group D	Group D +
Nagpur			Nagpur Municipal Corporation (NMC) Area.	Talukas other than Katol, Savner, Umred and NMC Area.	Katol. Savner. Umred.
Bhandara				Talukas other than Devadi and Tiroda.	Devadi. Tiroda.
Wardha				Talukas other than Devali.	Devali.
Chandrapur				Talukas other than Mul, Rajura and Warora.	Mul. Rajura. Warora.
Gadchiroli					Entire District.

ANNEXURE II

NATURE OF INCENTIVES AND CONDITIONS FOR GIVING THOSE INCENTIVES FOR TYPICAL CASES REFERRED TO IN PARA 3.10.

Type of case	Conditions for incentives under the 1993 Scheme
<p>(I) No incentive availed of:</p> <p>1. Only land and building of an Existing Unit which is set up in Group B/C/D/D+area and which has not availed any incentives under any of the Schemes is transferred and the Transferee sets up a new project for manufacture of any product at the location of the Existing Unit, after adding thereto, additional fixed assets and starts production as a New Unit, or</p> <p>2. in the above situation, land, building and plant and machinery are transferred and the Transferee acquires additional fixed assets and starts production of either the same product or an altogether new product.</p>	<p>The incentives upto the corresponding ceilings shall be related and restricted only to the additional Fixed Capital Investment by the Unit (i.e. the investment in the fixed assets of the Existing Unit shall be excluded).</p>
<p>(II) Incentive availed partly and the unit transferred :</p> <p>3. A New Unit eligible under the 1993 Scheme has availed sales tax incentive for a part of the period of EC.</p>	<p>The Transferee will be considered eligible as a New Unit provided the incentives availed by the Transferor are repaid fully in accordance with the 1993 Scheme /Procedural Rules without interest.</p>
<p>(III) Period of incentives of the Existing Unit expired but operative period of the agreement not expired :</p> <p>4. An Existing Unit which has already availed incentive under any of the Earlier Schemes is closed after expiry of the period of eligibility but during the operative period of agreement entered into for the purpose of availing the incentives or during the currency of the loan availed as incentive, it is transferred and the Transferee sets up a new project at the said location for manufacture of same and/or any new product.</p>	<p>(i) The Transferee will be considered eligible as a New Unit provided the incentives availed by the Transferor are repaid. Where the existing unit is closed within 7 years from commencement of production, the Transferor shall be liable to repay the incentives with interest thereon.</p> <p>(ii) The incentives upto the corresponding ceilings shall be related and restricted only to the additional Fixed Capital Investment by the the Eligible Unit (i.e. the investment in the fixed assets of the existing unit shall be excluded).</p>
<p>(IV) Assets of New Units eligible under 1993 Scheme transferred before availing of incentives :</p> <p>5. A New Unit eligible under the 1993 Scheme before availing any of the incentives is transferred.</p>	<p>Eligible as a New Unit.</p>
<p>(V) Takeover and transfer by Financial Institutions :</p> <p>6. An Existing Unit which has availed incentives under any of the Earlier Schemes or the 1993 Scheme is closed during the currency of the EC or operative period of the agreement and the concerned Financial Institution/s take over the assets of the unit and transfer the same in realisation of their dues, and the Transferee after adding further fixed assets starts production as a New Unit.</p>	<p>(i) Incentives upto the corresponding ceilings shall be related and restricted only to the additional Fixed Capital Investment by the Eligible Unit (i.e. investment in the fixed assets of the Existing Unit shall be excluded).</p> <p>(ii) Such additional fixed capital investment shall not be less than twice the gross fixed capital investment of the Transferor unit as may have been considered earlier for incentives.</p>